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COMPANY ANNOUNCEMENT

Malta International Airport plc (the "Company")

MALTA INTERNATIONAL AIRPORT ANNOUNCES APPROVAL OF THE GROUP'S INTERIM FINANCIAL STATEMENTS

Date of Announcement	28 July 2021
Reference	353/2021
In terms of Chapter 5 of the Listing Rules	

QUOTE

APPROVAL OF FINANCIAL STATEMENTS

During a meeting of the Board of Directors of the Company held today, Wednesday 28th July 2021, the Group's interim financial results for the six months ended on 30th June 2021 were approved. The financial statements are attached with this announcement and are also available for viewing at the registered office of the Company and on the website www.maltairport.com.

OUTLOOK

The easing of travel restrictions together with several traffic developments led to an improvement in passenger numbers handled by Malta International Airport during the month of June compared to the previous months. However, the industry's recovery continues to be beset by uncertainty as travel restrictions continue to change, dealing new blows to consumer confidence in both air travel in general and Malta as a destination.

The Government of Malta's introduction of new and disruptive travel restrictions for unvaccinated travellers, requiring them to quarantine for 14 days as from 14th July 2021, constituted a major setback to the industry's recovery process locally. This decision singles out Malta as the only European Union member state, at the time of writing, which has in place a blanket quarantine requirement for unvaccinated travellers. Further compounding matters is the decision not to accept recovery certificates for unvaccinated travellers, going against the spirit of Regulation (EU) 2021/953 of the European Parliament and of the Council, which came into force to facilitate free movement during the COVID-19 pandemic.

Between 1st June 2021 and 4th July 2021, Malta was already lagging behind its Southern European counterparts, registering a drop of 71.6% in passenger numbers compared to an average drop of 60.5% registered by the wider airport group. The abovementioned restrictions, which complicate travel to and from the island, are expected to put Malta at a disadvantage when compared to similar destinations. The decisions mentioned above, in fact, had an almost instant impact on passenger demand for air travel to Malta. In turn, this has constrained certain airlines – especially carriers operating from markets with low vaccination rates or whose populations have received non-EMA approved vaccinations - to cancel flights for the month of August and beyond, and others to deploy reduced seat capacity on routes to and from the island.

In light of the above and given the volatility of the environment within which Malta International Airport has been operating for the past months, the Company does not have sufficiently reliable data to provide the market with guidance.

INTERIM DIVIDEND

Having evaluated the Group's overall position and considered that, more than 14 months after COVID-19 was declared a pandemic, the beleaguered aviation industry continues to operate within an environment dominated by uncertainty, the Board of Directors of Malta International Airport plc believes that, with an aim to preserve the Company's liquidity and maintain its financial stability, it is not prudent to recommend the payment of an interim dividend for 2021.

UNQUOTE

Signed:

Louis de Gabriele
Company Secretary

Malta International Airport p.l.c.

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Interim Report

Interim Condensed Consolidated Financial Statements
and Directors' Report

30 June 2021

Contents

Interim Directors' Report

Period Ended 30 June 2021

These interim condensed consolidated financial statements comprise the financial statements of Malta International Airport plc and its subsidiaries: Airport Parking Limited, Sky Parks Development Limited, and Sky Parks Business Centre Limited.

Performance Review

Traffic Development

Malta International Airport welcomed 403,812 passengers in the first half of 2021, resulting in a drop of 2,848,095 passenger movements, or an overall decline of 87.6% compared to 2019.

With consumer confidence and air travel demand remaining particularly low in the winter months, seat capacity deployed registered a drop of 87.7% in parallel with an 83.6% drop in aircraft movements in the first three months of the year compared to 2019.

The top markets for Q2 were Italy, Germany, France, Turkey, and Poland, with the results registered by these markets being driven by the relaxation of certain restrictions on travel from Malta and the resumption of flight operations to a number of European regional airports. Meanwhile, Turkey remained an important connecting hub for passengers who could not travel directly to their final destination due to restrictions in place.

The UK market was 'red listed' as from 21st December 2020 until 27th April 2021, however, restrictions on UK arrivals from Malta remained in place until 30th June 2021.

Following a robust vaccination programme in Malta, the Maltese Government announced that on 1st June, Malta would officially 'reopen to tourists'. To facilitate travel within this reopening, it was announced that vaccinated locals could present their Maltese Vaccine Certificate to enter Malta instead of a negative PCR test result. Additional certificates, including the EU Digital COVID Certificate and the UK NHS Certificate have also been recognised since 1st July, with other certificates gradually being added to the list of valid documents for entry into Malta.

The gradual resumption of several routes from mid-May to June together with the start of operations of two new flag carriers – Cyprus Airways and LOT Polish - led passenger numbers to increase more than threefold in Q2 compared to Q1, whilst seat load factor (SLF) increased to 56.6% from 50.2%.

The seat load factor (SLF) for the first half of the year was 54.9%, translating into a decrease of 25.0 percentage points compared to the same period in 2019.

	Q1 2021	Q1 2020	% Change	Q1 2019	% Change
Passenger Movements	98,495	1,009,051	(90.2%)	1,202,983	(91.8%)
Aircraft Movements	1,562	8,467	(81.6%)	9,540	(83.6%)
Seat Capacity	196,154	1,449,061	(86.5%)	1,590,196	(87.7%)
Seat Load Factor	50.2%	69.6%	(19.4pp)	75.7%	(25.4pp)
MTOW (in tonnes)	55,706	331,475	(83.2%)	362,080	(84.6%)
Cargo and Mail (in tonnes)	3,980	4,360	(8.7%)	4,435	(10.3%)

	Q2 2021	Q2 2020	% Change	Q2 2019	% Change
Passenger Movements	305,317	8,799	-	2,048,924	(85.1%)
Aircraft Movements	3,499	822	-	14,366	(75.6%)
Seat Capacity	539,587	54,817	-	2,481,493	(78.3%)
Seat Load Factor	56.6%	16.1%	40.5pp	82.6%	(26.0pp)
MTOW (in tonnes)	125,673	31,727	-	542,361	(76.8%)
Cargo and Mail (in tonnes)	3,888	4,186	(7.1%)	4,453	(12.7%)

Interim Directors' Report

Period Ended 30 June 2021

	H1 2021	H1 2020	% Change	H1 2019	% Change
Passenger Movements	**403,812**	1,017,850	(60.3%)	3,251,907	(87.6%)
Aircraft Movements	**5,061**	9,289	(45.5%)	23,906	(78.8%)
Seat Capacity	**735,741**	1,503,878	(51.1%)	4,071,689	(81.9%)
Seat Load Factor	**54.9%**	67.7%	(12.8pp)	79.9%	(25.0pp)
MTOW (in tonnes)	**181,379**	363,202	(50.1%)	904,441	(79.9%)
Cargo and Mail (in tonnes)	**7,868**	8,546	(7.9%)	8,889	(11.5%)

Financial Performance

Total revenue for the period from January to June decreased by 16%; from EUR 14.9mn in H1 2020 to EUR 12.6mn in H1 2021. Revenues from the airport segment saw a decrease from EUR 8.4mn in the first half of 2020 to EUR 5.8mn in the reporting period, while the retail and property segment recorded a slight increase of EUR 0.2mn to EUR 6.8mn. The decline in total revenues for the first half of the year reflects the COVID-induced challenges which persisted, particularly during the winter months. While drops in revenue were registered in Q1 2021 compared to Q1 2020 due to the impact of COVID-19 being felt fully only towards the end of the first quarter of 2020, the disproportionate increases seen in Q2 2021 compared to Q2 2020 stemmed mainly from the airport's closure to commercial flights from 21st March 2020 to 30th June 2020.

Total revenue for the first half 2021 was EUR 12.6mn, which is equivalent to a decrease of 71.7% compared to pre-COVID 2019 levels. Revenue from the airport segment of EUR 5.8mn was 81.3% below 2019. The retail and property segment generated revenues of EUR 6.8mn translating into a decrease of 49.3%.

	Q1 2021	Q1 2020	% Change	Q1 2019	% Change
Airport	2,056,831	7,808,923	(73.7%)	9,785,634	(79.0%)
Retail and Property	3,001,980	4,979,798	(39.7%)	5,610,711	(46.5%)
Other	25,373	43,209	(41.3%)	161,461	(84.3%)
	Q2 2021	**Q2 2020**	**% Change**	**Q2 2019**	**% Change**
Airport	3,745,189	548,979	-	21,239,257	(82.4%)
Retail and Property	3,755,370	1,543,618	-	7,710,098	(51.3%)
Other	38,893	16,532	-	62,085	(37.4%)
	H1 2021	**H1 2020**	**% Change**	**H1 2019**	**% Change**
Airport	5,802,020	8,357,902	(30.6%)	31,024,891	(81.3%)
Retail and Property	6,757,350	6,523,416	3.6%	13,320,809	(49.3%)
Other	64,266	59,741	7.6%	223,546	(71.3%)
Total Revenue	**12,623,636**	**14,941,059**	**(15.5%)**	**44,569,246**	**(71.7%)**
Staff Costs	(2,907,518)	(4,062,457)	(28.4%)	(4,978,621)	(41.6%)
Other Operating Costs	(7,333,396)	(8,305,668)	(11.7%)	(12,618,865)	(41.9%)
EBITDA	**2,382,722**	**2,572,934**	**(7.4%)**	**26,971,760**	**(91.2%)**
(Loss) / Profit Before Tax	**(3,934,863)**	**(2,899,827)**	**35.7%**	**21,706,315**	-
(Loss) / Profit After Tax	**(2,693,975)**	**(2,013,600)**	**33.8%**	**13,952,238**	-

During the reporting period, operating costs were reduced by EUR 1.0mn (11.7%) compared to 2020, while variable costs for customer services and VIP products were in line with passenger numbers. Overall cost discipline was maintained to mitigate the decline in revenue, with significant cost savings in all major categories, including the steering of fixed costs, being achieved.

Consequently, the total expenditure during the reporting period amounted to EUR 10.2mn, translating into a decrease of EUR 2.2mn compared to H1 2020 (-17.7%).

As a result of the strict management of costs, the EBITDA of the Group registered only a slight drop of 7.4% over the previous year; from EUR 2.6mn to EUR 2.4mn, resulting in a net loss of EUR 2.7mn.

Ongoing Initiatives to Preserve Liquidity and Financial Stability

The measures implemented in the first half of 2020 to secure liquidity and maintain financial stability were adjusted and extended into the reporting period.

Between February and April of the reporting period, a reduction in salaries came into effect. The Board of Directors, including the Chief Executive Officer and the Chief Financial Officer, took a voluntary 15% reduction in their remuneration, while the management team of Malta International Airport accepted the Company's proposed temporary salary reductions of 10%. Additionally, temporary salary reductions of 5% and a four-and-a-half day working week were agreed to by the Unions, representing the rest of the team.

Various forms of government support have been granted to help companies weather the COVID-19 crisis. During the entire reporting period, the Company continued to benefit from the COVID Wage Supplement which was introduced in March of 2020, with Malta International Airport qualifying for a monthly wage supplement of EUR 800 per full-time employee.

In addition to salary-related measures, an existing hiring freeze was continued. Total personnel employed as at 30th June 2021 was 322 (30th June 2020: 387).

Staff costs during the reporting period amounted to EUR 2.91mn, representing a decrease of EUR 1.2mn compared to H1 2020 (-28.4%).

To preserve liquidity, the capital expenditure programme continues to focus on works that are essential to the maintenance or renewal of the Group's assets as well as on major projects which were already started pre-COVID and expected to deliver an immediate return to the Group. These projects include the installation of the planned PV system at Park East and the expansion of the Cargo Village. Consequently, capital expenditure decreased from EUR 5.4mn in the first half of 2020 to a total of EUR 4.0mn in the reporting period.

Shareholder dividends

Having evaluated the Group's overall position and considered that, more than 14 months after COVID-19 was declared a pandemic, the beleaguered aviation industry continues to operate within an environment dominated by uncertainty, the Board of Directors of Malta International Airport plc believes that, with an aim to preserve the Company's liquidity and maintain its financial stability, it is not prudent to recommend the payment of an interim dividend for 2021.

Outlook

The easing of travel restrictions together with several traffic developments led to an improvement in passenger numbers handled by Malta International Airport during the month of June compared to the previous months. However, the industry's recovery continues to be beset by uncertainty as travel restrictions continue to change, dealing new blows to consumer confidence in both air travel in general and Malta as a destination.

The Government of Malta's introduction of new and disruptive travel restrictions for unvaccinated travellers, requiring them to quarantine for 14 days as from 14 July 2021, constituted a major setback to the industry's recovery process locally. This decision singles out Malta as the only European Union member state, at the time of writing, which has in place a blanket quarantine requirement for unvaccinated travellers. Further compounding matters is the decision not to accept recovery certificates for unvaccinated travellers, going against the spirit of Regulation (EU) 2021/953 of the European Parliament and of the Council, which came into force to facilitate free movement during the COVID-19 pandemic.

Interim Directors' Report

Between 1 June 2021 and 4 July 2021, Malta was already lagging behind its Southern European counterparts, registering a drop of 71.6% in passenger numbers compared to an average drop of 60.5% registered by the wider airport group. The abovementioned restrictions, which complicate travel to and from the island, are expected to put Malta at a disadvantage when compared to similar destinations. The decisions mentioned above, in fact, had an almost instant impact on passenger demand for air travel to Malta. In turn, this has constrained certain airlines – especially carriers operating from markets with low vaccination rates or whose populations have received non-EMA approved vaccinations - to cancel flights for the month of August and beyond, and others to deploy reduced seat capacity on routes to and from the island.

In light of the above and given the volatility of the environment within which Malta International Airport has been operating for the past months, the Company does not have sufficiently reliable data to provide the market with guidance.

Alan Borg
Chief Executive Officer

By Order of the Board
28 July 2021

Condensed Consolidated Statement of Comprehensive Income

Period Ended 30 June 2021

The Group unaudited | in EUR	Notes	H1 2021	H1 2020
Revenue	7	12,623,636	14,941,059
Staff costs	8	(2,907,518)	(4,062,457)
Other operating expenses		(7,272,782)	(8,272,544)
Impairment losses on financial assets		(60,614)	(33,124)
Depreciation		(5,410,023)	(4,579,103)
Release of deferred income arising on the sale of terminal buildings and fixtures		141,802	141,802
Investment income		7,764	12,707
Finance cost		(1,057,128)	(1,048,167)
(Loss) before tax		(3,934,863)	(2,899,827)
Income tax credit	10	1,240,888	886,227
(Loss) for the year attributable to the ordinary equity holders of the Company, net of tax		**(2,693,975)**	**(2,013,600)**
(Loss) per share attributable to the ordinary equity holders of the Company		**(0.020)**	**(0.015)**

Condensed Consolidated Statement of Financial Position

30 June 2021

The Group in EUR	Notes	30 June 2021 unaudited	31 December 2020 audited
Assets			
Property, plant and equipment	11	170,458,001	171,757,898
Investment property		15,174,215	15,279,512
Other Receivables		1,404,205	1,341,670
Deferred tax assets		9,187,492	7,763,643
Non-current assets		196,223,913	196,142,723
Inventories		789,700	834,888
Trade and other receivables	12	12,056,915	6,973,317
Term deposits	12	5,000,000	5,000,000
Cash and short term deposits	12	14,914,827	26,047,282
Current assets		32,761,442	38,855,487
Total - Assets		228,985,355	234,998,210
Equity and liabilities			
Equity attributable to ordinary equity holders of the Company			
Share capital		33,825,000	33,825,000
Retained earnings		88,273,650	90,967,626
Total - Equity		122,098,650	124,792,626
Lease liability	13	53,413,571	53,168,052
Deferred income		5,898,967	6,127,652
Other Payables		809,282	2,340,067
Provision for retirement benefit plan		3,939,396	3,920,722
Provision for MIA benefit fund		339,451	319,851
Non-current liabilities		64,400,667	65,876,344
Trade and other payables	12	42,303,138	43,992,610
Current tax liabilities		182,901	336,630
Current liabilities		42,486,039	44,329,240
Total - Liabilities		106,886,705	110,205,584
Total - Equity and Liabilities		228,985,355	234,998,210

Condensed Consolidated Statement of Changes in Equity

Period Ended 30 June 2021

The Group unaudited | in EUR	Equity attributable to ordinary equity holders of the Company Share capital	Retained earnings	Total
Balance at 1 January 2021	33,825,000	90,967,626	124,792,626
Loss for the period	-	(2,693,975)	(2,693,975)
Total comprehensive loss for the period	-	(2,693,975)	(2,693,975)
Balance at 30 June 2021	33,825,000	88,273,651	122,098,651

The Group unaudited | in EUR	Share capital	Retained earnings	Total
Balance at 1 January 2020	33,825,000	95,218,056	129,043,056
Loss for the period	-	(2,013,600)	(2,013,600)
Total comprehensive loss for the period	-	(2,013,600)	(2,013,600)
Balance at 30 June 2020	33,825,000	93,204,456	127,029,456

Condensed Consolidated Statement of Cash Flows

Period Ended 30 June 2021

The Group unaudited | in EUR	Notes	H1 2021	H1 2020
Cash flows from operating activities			
(Loss) before tax		**(3,934,863)**	**(2,899,827)**
Adjustments for:			
Depreciation of property, plant and equipment		5,410,023	4,579,103
Release of deferred income arising on the sale of the terminal building		(141,802)	(141,802)
Amortisation of European Commission Grant		(20,128)	(20,128)
Amortisation of Government Grant		-	(4,996)
Impairment Loss		60,614	33,124
Finance cost		1,057,128	1,048,167
(Gain) on sale of property, plant and equipment		(16,430)	-
Investment income		(7,764)	(12,707)
Provision for retirement benefit plan		18,674	20,323
Provision for MIA benefit plan		27,200	22,027
Operating items		**6,387,515**	**5,523,111**
Working capital movements:			
Movement in inventories		45,188	(21,328)
Movement in trade and other receivables		(5,206,747)	10,291,984
Movement in trade and other payables and other financial liabilities		(2,940,061)	(558,363)
Working capital movements		**(8,101,620)**	**9,712,293**
Cash flows from operations		**(5,648,968)**	**12,335,577**
Lease interest paid	13	(1,165,911)	(248,078)
Income taxes credit / (paid)		(336,690)	2,196
Retirement benefit paid		(7,600)	(293,477)
Net cash flows from operating activities		**(7,159,168)**	**11,796,218**
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		40,000	-
Payments for property, plant and equipment	11	(3,726,278)	(5,399,630)
Payments for investment property		(302,125)	(110,708)
(Payments) of deposit from tenant		(10,300)	-
Interest received		25,417	12,707
Net cash flows used in investing activities		**(3,973,287)**	**(5,497,631)**
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net movement in cash and cash equivalents		**(11,132,455)**	**6,298,587**
Cash and cash equivalents at the beginning of the period		**26,047,282**	**28,174,981**
Cash and cash equivalents at the end of the period		**14,914,827**	**34,473,568**

1. Reporting Entity and Consolidation Range

The interim condensed consolidated financial statements ("Interim Financial Statements") of the Group for the six months ended 30 June 2021 ("H1") were authorised for issue in accordance with a resolution of the directors on 28 July 2021.

Malta International Airport p.l.c. (the "Company") is a public company incorporated and domiciled in Malta whose shares are publicly listed and traded on the Malta Stock Exchange.

The principal activities of the Company and its subsidiaries (the "Group") are the development, operation and management of Malta's airport. The Group also operates a business centre within the limits of the airport.

2. Basis of Preparation

These Interim Financial Statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and the Listing Rules issued by the Malta Financial Services Authority.

The financial information of the Group as at 30 June 2021 and for the six months then ended reflect the financial position and the performance of Malta International Airport p.l.c. and its subsidiaries; Airport Parking Limited, Sky Parks Development Limited and Sky Parks Business Centre Limited. The comparative amounts reflect the position of the Group as included in the audited financial statements ended 31 December 2020 and the unaudited results for the period ended 30 June 2020.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2020, which form the basis for these Interim Financial Statements. These Interim Financial Statements are intended to provide an update on the latest complete set of annual financial statements and accordingly they focus on new activities, events and circumstances, including further developments related to the Covid-19 outbreak.

Covid-19 Impact

In the first months of 2021 the effects of the Covid-19 pandemic continued to take their toll on the travel industry across the globe. In order to mitigate the spread of Covid-19, stringent travel restrictions were still being enforced across the board, hence reluctancy to travel was still strong. The ramp up in vaccination rates and the subsequent relaxation of travel restrictions in May and June started to increase consumer confidence in travelling again. Small but encouraging signs of traffic picking up in the latest two months were noted.

A drop of 15.5% in revenue was recorded, from EUR 12.6 million in H1 2021 compared to EUR 14.9 million in H1 2020. This decrease is a result of the revenue generated in the first two months of operations of 2020, before the Maltese borders were closed from mid-March. Only repatriation, humanitarian and cargo flights were being operated through Malta International Airport till end of June 2020.

To mitigate the shortfall in revenues and preserve the liquidity of the Group, various cost cutting measures were taken. This resulted in operating costs going down from EUR 8.3 million in H1 2020 to EUR 7.3 million in H1 2021, a decrease of 12.1%.

2. Basis of Preparation (continued)

Between February and April of the current reporting period a further reduction in salaries came into effect. The Board of Directors, the Chief Executive Officer and the Chief Financial Officer took a 15% cut in their remuneration and members of the management team had a 10% reduction in their salaries. The remaining employees worked a four and a half day working week and 5% of their salaries were deducted.

In the comparative period, between April and July 2020, the Board of Directors, the Chief Executive Officer and the Chief Financial Officer agreed to a cut in their remuneration equivalent to 30%, whereas members of management had 25% of their salary deducted. A four-day working, corresponding to a 20% salary reduction, was also agreed with the remaining employees.

During the entire reporting period the Company continued to benefit from the Covid Wage Supplement (which was introduced from March of 2020). In the comparative period the Company also benefitted from the Tax Deferral scheme where taxes due in H1 2020 were paid in 2021. However, in the reporting period the Group did not benefit from such scheme. Airport Parking Ltd and Sky Parks Business Centre Ltd also benefitted from the Tax Deferral scheme. Under the Covid Wage Supplement the Company received EUR 800 per each full-time employee (see note 9).

The capital expenditure planned for 2021 was also revised down in order to preserve the cash reserves of the Group. Only the most essential and major projects like the expansion of the Cargo Village were kept on this year's programme.

All of the afore-mentioned measures will ensure that the Group has sufficient resources to meet the obligations arising during the current year.

At 30 June 2021, the Group reported a net current liability position amounting to approximately EUR 9.7 million compared to EUR 5.4 million at the end of the previous year. However, included in the current liabilities of the Group are EUR 3.0 million (2020: EUR 2.7 million) of deferred income and contract liabilities for which no cash outflows will be made, reducing the shortfall to EUR 6.7 million (2020: EUR 2.7 million). The increase in passenger numbers that the airport registered in June and the fact that Park East is now fully operational resulted in trade and other receivables increasing by EUR 5.1 million when compared to the last balance sheet date. On the other hand, cash & cash equivalents decreased by EUR 11.1 million therefore resulting in a decrease in current assets of EUR 6.1 million. Current liabilities also decreased from the last reporting period but only by EUR 1.7 million. The directors are confident that this position is temporary, and the Group and the Company will return to a net current asset position as the market recovers. Nonetheless, should the Group or the Company need to repay its current liabilities on a short-term notice, an overdraft facility can be drawn up with its banking institution to cover the necessary cash outflows.

The outbreak of Covid-19 and the consequent reduction to air traffic constituted a triggering event in terms of IAS 36 *Impairment of Assets*. An impairment assessment on the Group's assets was carried out as at 30 June 2020, 31 December 2020 and 30 June 2021. The carrying value of the Group's assets tested for impairment at 30 June 2021 amounted to EUR 170.6 million (2020: EUR 171.8 million).

The impairment assessment as at 30 June 2021 considered the Group's five-year business plan as approved by the Board, as well as current expectations for 2021, together with a discounted cash flow projection up to 2067 which coincides with the concession granted by the Government. The forecasting of future cash flows has been based on various assumptions such as long-term growth rate, discount rate used to discount future cash flows and assumptions around economic recovery of the industry in a post Covid-19 environment. The impairment assessment indicated no need for impairment provisions.

2. Basis of Preparation (continued)

Due to the uncertainties around forecasting, various sensitivity analyses were carried out on the impairment assessment at 30 June 2021 to reflect, amongst others, an increase in the weighted average cost of capital, a reduction in growth rate and a reduction in revenues, with all such scenarios resulting in no need for impairment provisions as at 30 June 2021. The Group has concluded that these sources of estimation uncertainty do not have a significant risk of a material adjustment to the carrying amounts of the assets tested for impairment.

Taking into consideration all of the above factors and circumstances the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing these interim financial statements.

3. Judgments and Key Sources of Estimation Uncertainty

In preparing these Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and that can significantly affect the amounts recognised. The significant judgements made in applying the Group's accounting policies and the key sources of estimation uncertainty in respect to service concession arrangements in terms of IFRIC 12 and leases in terms of IFRS 16 were the same as those described in the last annual financial statements. The significant estimates made in relation to impairment testing are explained in note 2.

4. Application of new and revised IFRS

International Financial Reporting Standards applicable in the current reporting period

Interest Rate Benchmark Reform – Phase 2

The Interest Rate Benchmark Reform – Phase 2 issued in August 2020 is effective for annual periods beginning on or after 1 January 2021. Interest rate benchmark reform refers to the market-wide reform of interest rate benchmarks, which includes the replacement of an interest rate benchmark with alternative benchmark rates. Under IFRS 9 – Financial Instruments, modifying a financial contract can require recognition of a significant gain or loss in the income statement. However, the amendment introduces a practical expedient whereby if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis, changes will be accounted for by updating the effective interest rate.

This reform did not have an effect on the consolidated financial statements.

International Financial Reporting Standards in issue but not yet effective

IFRS 16 Leases Amendment – Covid-19 – Related Rent Concessions beyond 30 June 2021

As at 30 June 2021, the Group did not receive any Covid-19 related rent concessions and therefore the amendment is not expected to impact the Group's Financial Statements.

4. Application of new and revised IFRS (continued)

This amendment to IFRS 16 Leases is the same as the one issued on 28 May 2020 Covid-19 – Related Rent Concessions with changes including the fact that:

- The lessee can apply the Covid-19 related rent concessions amendment to rent concessions for payments due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021)

IAS 8 Amendments – Definition of Accounting Estimates

This amendment was issued to distinguish between changes in accounting policies from changes in accounting estimates. The amendment shall be effective for periods beginning on or after 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

IAS 12 Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Prior to the amendments, there had been some uncertainty about whether the IAS 12 exemption from recognising deferred tax applied to transactions for which companies recognise both an asset and liability, for example leases. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The amendments are effective for annual reporting period beginning on or after 1 January 2023.

The Group is in the process of assessing whether these changes to IAS 12 will have an impact on its financial statements.

At the date of approval of these financial statements, a number of other International Financial Reporting Standards were either not yet endorsed by the EU or were not yet applicable to the Group. The Board of Directors anticipate that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

5. Significant Accounting Policies

The Interim Financial Statements as of 30 June 2021 have been prepared using the same accounting policies and methods of computation as those on which the preceding annual consolidated financial statements as of 31 December 2020 were based.

6. Operating Segments

Airport Segment

The Airport Segment comprises the activities usually carried out by an airport. These services include revenue from airport regulated fees, aviation concessions and PRMs (persons with reduced mobility) and their associated costs. This segment also includes the operations and maintenance of the terminal, runways, taxiways and aprons.

Retail and Property Segment

The Retail and Property Segment includes various services that support the airport operations. These include the operations of the various retail outlets within the airport perimeter, advertising sites and rental of offices, warehouses and income from the running of the VIP lounges. Income and costs from Airport Parking Limited and Sky Parks Business Centre Limited are also allocated within the Retail & Property Segment.

Other Segment

This comprises services that do not fall under the Airport and the Retail and Property Segments. These include miscellaneous income and disbursement fees from third parties and any costs associated with this income.

The results of the Group's operating segments are as follows:

H1 2021 (in EUR)	Airport	Retail and Property	Other	The Group
Revenue (external)	5,802,020	6,757,350	64,266	12,623,636
Staff costs	(2,447,513)	(460,005)	-	(2,907,518)
Other operating costs	(5,882,228)	(1,390,554)	-	(7,272,782)
Impairment losses on financial assets	(44,248)	(16,366)	-	(60,614)
EBITDA	**(2,571,969)**	**4,890,425**	**64,266**	**2,382,722**
Depreciation	(3,259,984)	(2,150,039)	-	(5,410,023)
EBIT	**(5,831,953)**	**2,740,386**	**64,266**	**(3,027,301)**
Investment income				7,764
Finance cost				(1,057,128)
Release of deferred income arising on the sale of terminal buildings and fixtures				141,802
(Loss) before tax				**(3,934,863)**

H1 2020 (in EUR)	Airport	Retail and Property	Other	The Group
Revenue (external)	8,357,902	6,523,416	59,741	14,941,059
Staff costs	(3,488,675)	(573,782)	-	(4,062,457)
Other operating costs	(6,886,718)	(1,385,826)	-	(8,272,544)
Impairment losses on financial assets	(24,181)	(8,943)	-	(33,124)
EBITDA	**(2,041,672)**	**4,554,865**	**59,741**	**2,572,934**
Depreciation	(2,970,072)	(1,609,031)	-	(4,579,103)
EBIT	**(5,011,744)**	**2,945,834**	**59,741**	**(2,006,169)**
Investment income				12,707
Finance cost				(1,048,167)
Release of deferred income arising on the sale of terminal buildings and fixtures				141,802
(Loss) before tax				**(2,899,827)**

7. Revenue

In the following table, revenue is disaggregated by revenue category. The table also includes a reconciliation of the disaggregated revenue with the Group's operating segments (see Note 6).

H1 2021 (in EUR)	Airport	Retail and Property	Other	The Group
Revenue from Services provided Over Time				
Regulated revenue	5,078,850	-	-	5,078,850
Unregulated revenue	723,170	2,151,903	64,266	2,939,339
Revenue from Contracts with Customers	**5,802,020**	**2,151,903**	**64,266**	**8,018,189**
Revenue from Leases	-	**4,605,447**	-	**4,605,447**
Total Revenue	**5,802,020**	**6,757,350**	**64,266**	**12,623,636**

H1 2020 (in EUR)	Airport	Retail and Property	Other	The Group
Revenue from Services provided Over Time				
Regulated revenue	7,047,592	-	-	7,047,592
Unregulated revenue	1,310,310	1,954,555	59,741	3,324,606
Revenue from Contracts with Customers	**8,357,902**	**1,954,555**	**59,741**	**10,372,198**
Revenue from Leases	-	**4,568,861**	-	**4,568,861**
Total Revenue	**8,357,902**	**6,523,416**	**59,741**	**14,941,059**

The qualitative impact of Covid-19 on the Group's net income, including revenue, is disclosed in Note 2.

8. Number of Employees

The number of persons employed at the end of the reporting period, including Executive Directors was as follows:

	30 June 2021	30 June 2020
Employees	322	387

9. Government Assistance

The Maltese Government announced a number of measures to financially support businesses whose operation was impacted by the Covid-19 pandemic. Malta International Airport was eligible to benefit from the Covid Wage Supplement, receiving EUR 800 on a monthly basis per full-time employee starting from 9 March 2020 and is still ongoing as at the end of the reporting period. During the reporting period, the Group received EUR 1.4 million (H1 2020 – EUR 821,057) in government grants under the Covid Wage Supplement. These amounts were deducted from the line item 'Staff Costs' in the Consolidated Statement of Comprehensive Income.

In the comparative period the Group also benefitted from the Tax Deferral scheme where taxes due in H1 2020 amounting to EUR 637,066 were paid in future periods. However, in the reporting period the Group did not benefit from such scheme.

10. Income Tax

The interim period income tax is based on the Maltese corporate tax rate of 35%. Income taxes for the interim reporting period represent a best estimate of the weighted average annual income tax rate expected for the full financial year.

11. Property, Plant and Equipment

During the first six months of the year, additions by the Group on investment projects within the terminal and to the airfield, as well as on car park infrastructure amounted to EUR 4.0 million (H1 2020: EUR 5.4 million).

The spread of the pandemic and the consequent reduction in revenue generation due to travel restrictions, constituted a triggering event in terms of IAS 36 *Impairment of Assets*. An impairment test as at 30 June 2021 was carried out, indicating no need for impairment provisions as explained in note 2.

12. Financial Assets and Financial Liabilities

The Group's financial assets and financial liabilities of a current nature comprise trade and other receivables, term deposits, and cash; as well as trade and other payables. The Group's financial liabilities which are non-current comprise other payables and lease liabilities. All of these financial liabilities are classified as measured at amortised cost (AC). The lease liabilities are measured in terms of the Group's accounting policy.

Fair Values

At 30 June 2021 and 31 December 2020 carrying amounts of the Group's current financial assets and current financial liabilities approximated their fair values due to the short-term maturities of these financial instruments. The carrying amount of the non-current other payables also approximated their fair values as at 30 June 2021. For the lease liabilities, disclosure of fair value is not required.

13. Lease Arrangements

The Group as lessee

Lease arrangements where the Group is a lessee remain unchanged from the last Annual Financial Statements and primarily include the temporary emphyteusis of the leasehold land and buildings with ground rents payable by the Company to Malita Investments plc (previously to the Government of Malta) and further payments for the related aerodrome licence fee payable to the Government of Malta, with no renewal option included in the contracts. The term of the leases ranges from 58 years to 65 years and the lease payments on the temporary emphyteusis are adjusted upwards periodically by a specified rate.

The Group Lease Liability (in EUR)	Carrying Amount	Gross Cash Flows	< 1 year	1-5 Years	> 5 years
H1 2021	53,413,571	134,950,650	1,653,268	7,264,898	126,032,484
H1 2020	52,983,519	136,603,916	1,653,268	7,091,330	127,859,318

13. Lease Arrangements (continued)

The Group as lessor

Lease arrangements where the Group is a lessor remain unchanged from the last Annual Financial Statements. These primarily consist of lease agreements for portions of land held on temporary emphyteusis, commercial property situated in the terminal building as well as commercial property within Sky Parks Business Centre and Park East.

The Group

(in EUR)	H1 2021	H1 2020
Lease income under operating leases recognised as income for the year *	2,994,584	2,111,604
Lease income under operating leases relating to variable lease payments that do not depend on an index or a rate *	1,610,863	2,457,257
Total lease income under operating leases recognised as income for the year *	4,605,447	4,568,861

* H1 2020 figures restated

(in EUR)	H1 2021	H1 2020
Year 1	4,000,764	3,496,615
Year 2	3,274,213	3,336,646
Year 3	2,198,051	2,784,158
Year 4	2,049,765	2,175,321
Year 5	1,456,666	2,049,765
Year 6 and onwards	17,831,632	17,944,265
	30,811,091	31,786,770

14. Contingencies and Commitments

There were no major changes in contingent liabilities, and they remain in essence as reported in the Group's annual financial statements of 2020.

At 30 June 2021, the Group had capital commitments of approximately EUR 119,095 (31 December 2020: EUR 1.9 million) in respect of the terminal and airfield infrastructure.

15. Related Party Disclosures

During the course of the period, the Group entered into transactions with related parties as set out below. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

The related party transactions in question were:

	H1 2021			H1 2020		
(in EUR)	Related party activity	Total activity	%	Related party activity	Total activity	%
Revenue						
Related party transaction with:						
Entities controlled by Government	2,299,258			2,168,774		
	2,299,258	12,623,636	18	2,168,774	14,941,059	15
Other operating costs						
Related party transaction with:						
Entities controlled by Government	1,832,470			938,569		
Key management personnel of the Group	210,792			200,937		
Entities that control the Company's parent	143,080			47,743		
	2,186,343	7,272,782	30	1,187,250	8,272,544	14

Further to the above, the government assistance is disclosed in Note 9.

In addition to the above, the details of the material contracts entered into by the Group in the period ended 30 June 2021 and 30 June 2020 with its substantial shareholders and their related parties are listed below:

The Government of Malta

(i) The terminal and other land lease agreements with Malita Investments plc for EUR 578,555 (H1 2020: EUR 572,405);

(ii) The aerodrome licence fee payable to the Government of Malta for the airport operation amounting to EUR 248,078 (H1 2020: EUR 248,078);

(iii) The contract for contribution to the Malta Tourism Authority (MTA) for EUR 116,468 (H1 2020: EUR 116,468);

(iv) The contract with the Armed Forces of Malta for the security of the restricted areas at the Airport for an expense of EUR 810,000 (H1 2020: EUR 856,248);

(v) The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR 464,806 (H1 2020: EUR 464,806);

(vi) The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR 371,844 (H1 2020: EUR 371,844);

(vii) The contract for fuel throughput charges with Enemed Company Ltd. generated the amount of EUR 55,495 (H1 2020: EUR 82,406) in revenue;

(viii) The ground handling and concession agreements with Air Malta plc and its subsidiaries that generated income of EUR 329,135 (H1 2020: EUR 492,945);

(ix) The contracts with Indis Malta Ltd. for the lease of land that generated income of EUR 541,192 (H1 2020: EUR 541,188).

15. Related Party Disclosures (continued)

Right-of-use assets include the Group's right to use the land and the buildings held on temporary emphyteuses with annual ground rents payable to Malita Investments plc (previously to the Government of Malta) and the corresponding licence payable to the Government of Malta, as further disclosed above. The annual depreciation is recognised as an expense over the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The interest expense on the lease liability is recognised using the effective interest method.

16. Dividends

During the current interim period and the comparative period, no dividend was paid to the shareholders of the company.

17. Seasonality

The revenue and earnings of the first six months generally represent around 44% and 41% of the total annual revenue and earnings of the Group, respectively. However, this year due to the pandemic, revenue and earnings are not representative of the general seasonality of the Group's operations.

18. Events after the Reporting Period

In the initial days of July the number of passenger movements showed signs of recovery. However, in the past days the number of positive Covid-19 cases has been on the rise thus the Maltese authorities introduced the measure that non-vaccinated people have to quarantine upon arrival in Malta. It is expected that such a measure would deter possible travellers from choosing Malta as their travel destination, therefore slowing down the recovery process. Given the ongoing changes Malta International Airport's flight schedule is regularly being updated and currently Malta Airport operates 86 routes connecting Malta to 28 countries.

Other events occurring after the balance sheet date until the date of authorisation for issue of these financial statements and that are relevant for valuation and measurement as of 30 June 2021 are included in these Interim Financial Statements.

Statement pursuant to Listing Rule 5.75.3

30 June 2021

I confirm that to the best of my knowledge:

a) the condensed consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2021, and the financial performance and cash flows for the period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34); and

b) the Interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Karl Dandler

Karl Dandler
Chief Financial Officer
28 July 2021